

TIRNO-93-C-0026
Incurred Costs and Indirect
Expense Rates Audit
Fiscal Year 1999

October 2001

Reference Number: 2002-1C-011

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

October 29, 2001

MEMORANDUM FOR DAVID A. GRANT
DIRECTOR OF PROCUREMENT
INTERNAL REVENUE SERVICE

A handwritten signature in black ink, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: TIRNO-93-C-0026: Incurred Costs and Indirect Expense Rates
Audit - Fiscal Year 1999 (Audit #200210002.002)

The Defense Contract Audit Agency (DCAA) examined the contractor's April 23, 2001 certified indirect cost rate proposal and related books and records for reimbursement of Fiscal Year 1999 incurred costs. The purpose of the examination was to determine allowability of direct costs and indirect cost rates and establish audit-determined indirect cost rates for October 1, 1998 through September 30, 1999.

The DCAA noted that the contractor's accounting system is considered generally adequate to ensure the proper accumulation and reporting of direct costs under government contracts, and the proper accumulation of indirect costs into pools and allocation to contracts. However, the DCAA questioned some General and Administrative (G&A) costs. The entire questioned costs represent adjustments to the G&A expense pool for unallowable taxes and other adjustments.

The information in this report should not be used for purposes other than that intended without prior consultation with the Treasury Inspector General for Tax Administration regarding its applicability.

If you have any questions, please contact me at (202) 622-6510 or Daniel Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

Attachment

NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 USC 1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

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